

Page 5, before the first full paragraph insert--DETAILED DESCRIPTION OF

B2 THE PREFERRED EMBODIMENTS--

IN THE CLAIMS

Please cancel claims 1-9 without prejudice or disclaimer and please add the following new claims:

--10. (New) A digital transmission system for audio speakers which uses AC power lines as an audio network, comprising:

a digital compression device for compressing digital audio data into a compressed digital data;

B3 a digital transmission device including a series conversion circuit for converting the compressed digital data into series compressed digital signal packets;

a digital modulator which controls a transmitter for transmitting the series compressed digital signal packets onto the AC power lines; and

a digital receiver device connected to the AC power lines for receiving the transmitted packets over the AC power lines, wherein the digital receiving device includes:

- a digital demodulator for demodulating the series compressed digital signal packets;
- a serial/parallel digital converter for converting the demodulated series compressed digital signals into demodulated parallel compressed digital signals;

- a digital decompressor for decompressing the demodulated parallel compressed signals into demodulated parallel decompressed digital signals;
- a digital/analog converter for converting the demodulated parallel decompressed digital signals into analog signals; and
- a loudspeaker for receiving the analog signals and generating sound corresponding thereto.--

--11. (New) The digital transmission system of claim 1, wherein the digital modulator is a phase quadrature digital modulator.--

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cont --12. (New) The digital transmission system of claim 11, wherein the series conversion circuit is operable to encode a destination address into the series compressed digital signal packets, and further wherein the digital receiving device is operable to compare the destination address to an address of the receiving device in order to determine if the signal is addressed to the receiving device.--

--13. (New) The digital transmission system of claim 12, wherein the series conversion circuit is operable to multiplex several digital files representing a different audio signal intended for reception by various receiving devices having different addresses associated therewith.--

--14. (New) The digital transmission system of claim 10, wherein the transmitter comprises an encryption device which encrypts the digital signal, and the receiving device includes a decryption circuit which uses a decryption key to decrypt the encrypted digital signal.--